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The situation in the Middle East

Question of Palestine

Security Council
Sixty-sixth year

Peaceful settlement of the question of Palestine

Report of the Secretary-General

Summary

The present report is submitted in accordance with General Assembly resolution 65/16. It contains replies received from the parties concerned to the notes verbales sent by the Secretary-General pursuant to the request contained in paragraph 26 of the resolution. The report also contains the observations of the Secretary-General on the current state of the Israeli-Palestinian conflict and on international efforts to move the peace process forward with a view to achieving a peaceful settlement. The report covers the period from September 2010 through August 2011.

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I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 65/16.

2. On 1 July 2011, pursuant to the request contained in paragraph 26 of the above-mentioned resolution, I addressed the following letter to the President of the Security Council:

> "I have the honour to refer to resolution 65/16, which the General Assembly adopted on 30 November 2010, at its sixty-fifth session, under the agenda item 'Question of Palestine'.
>
> "Paragraph 26 of the resolution 'requests the Secretary-General to continue his efforts with the parties concerned, and in consultation with the Security Council, towards the attainment of a peaceful settlement of the question of Palestine and the promotion of peace in the region and to submit to the General Assembly at its sixty-sixth session a report on these efforts and on developments on this matter'.
>
> "In order to fulfil my reporting responsibilities under this resolution, I should be grateful if you would kindly convey to me the views of the Security Council by 31 July 2011.
>
> "Recalling the Secretariat's obligation to observe the page limit of its reports, pursuant to General Assembly resolution 52/214, I would like to encourage the Security Council to limit its submission to 1,500 words."

3. As of 19 September, no response had been received to that request.

4. In a note verbale dated 11 May 2011 to the parties concerned, I sought the positions of the Governments of Egypt, Israel, Jordan, Lebanon and the Syrian Arab Republic, as well as the Palestine Liberation Organization, regarding any steps taken by them to implement the relevant provisions of the resolution. As at 31 August 2011, replies had been received from Israel and the Palestine Liberation Organization. The note verbale dated 5 July 2011 from the Permanent Mission of Israel to the United Nations reads as follows:

> "As shown in the meeting records, Israel voted against this resolution, as it has done on similar resolutions adopted in the past by the General Assembly. The Permanent Mission of Israel wishes to reiterate the considerations guiding this voting practice, in light of the current situation.
>
> "Despite significant efforts made on the part of the Government of Israel in the past year to renew negotiations with the Palestinian Authority and to foster conditions for economic growth and development, and despite the vast improvement in economic indicators both in the West Bank and in Gaza, Palestinian terrorism continued and remains an alarming reality.
>
> "Terrorist organizations in the West Bank remain active in planning, preparing and attempting to execute terrorist attacks. In 2010, 463 terrorist attacks emanated from or were carried out in the West Bank, leading to nine deaths of Israeli citizens. These attacks were carried out in all potential forms and on all fronts, particularly by Hamas.
>
> "The first half on 2011 witnessed an alarming escalation in the nature of terrorist activity against Israeli targets in the West Bank and Jerusalem. In the

first 5 months of 2011, 278 terrorist attacks were carried out in or emanated from the West Bank, resulting in the deaths of 11 Israeli citizens, including the brutal murder in March 2011 of the Fogel family, in which five family members (father, mother and 3 children — 11 years old, 4 years old and a baby of 3 months) were murdered in their sleep by two terrorists who penetrated their home.

"In 2010, 372 terrorist attacks emanated from the Gaza Strip. In the first four months of 2011, we witnessed an alarming increase in terror attacks emanating from the Gaza Strip — the number of terrorist attacks is already at 163. Another alarming escalation is the nature of the attacks, which have started to involve, in addition to Grad missiles, rockets and mortar shells, anti-tank missiles aiming at Israeli civilian populations. On 7 April 2011, an anti-tank missile was fired from Gaza at a school bus, injuring two Israelis, one of them — a teenager aged 16 — was critically wounded.

"Concomitant with the Palestinian terrorist campaign against Israel, the Palestinian Authority has continued in its campaign of incitement designed to legitimize terrorism. Glorification of those who are responsible for the murder of Israelis is carried out as an institutional practice by both the Palestinian Authority and Hamas. Among recent examples are the main Ramallah street named after the terrorist Yehieh Ayash, who is responsible for the death of over 100 Israelis and one of the master minds behind the concept of suicide terror attacks; the girl's summer camp in Bethlehem named after Dalal Mugrabi, who led a terror attack on a bus that claimed the lives of 37 Israelis (among them 12 children); and the Gaza square named after the suicide bomber Rim Al Riyashi, who killed 4 Israelis.

"Hamas, entrenched in Gaza with the support of Iran, continues to stockpile weapons of ever increasing lethality and range, operating a full-fledged weapons smuggling operation through the extensive tunnel network running under the Egypt-Gaza border.

"In addition, Hamas has been holding kidnapped Israeli soldier Gilad Shalit for the past five years; the last sign of life was received on 25 June 2007 with a tape of Gilad Shalit released by Hamas. Throughout his captivity, Gilad Shalit was not allowed international humanitarian personnel access, in violation of basic humanitarian practice. The Hamas regime continues to reject the Quartet conditions, persists adamantly in its call for Israel's destruction and remains vigilant in its commitment to seeing this grim vision through.

"It is disturbing that resolution 65/16 makes no mention of any of the above.

"Notwithstanding the concerted and enduring campaign of violence and incitement, and as a testimony of Israel's commitment to humanitarian principles, Israel continues to facilitate the entry of large quantities of humanitarian supplies and other products into Gaza. In 2010, there was a 28 per cent increase in the number of truckloads that were transferred into Gaza (39,868 in 2010 compared to 31,055 in 2009), and the daily average of truckloads transferred into Gaza amounted to 163 truckloads a day, a 43 per cent increase compared to 2009. Export from the Gaza Strip has also expanded — 152 tons of strawberries and 368,208 flowers were exported in

2010. In 2010, 17,924 patients and accompanying individuals were permitted to exit the Gaza Strip for medical care, a 70 per cent increase compared to 2009. Throughout the year, Israel maintains the supply of electricity to the Gaza Strip. The transfer of diesel for the Gaza power station was carried out according to Palestinian Authority requests — 70,876,781 litres of diesel were transferred.

"These changes resulted in an increase of 15 per cent in the gross domestic product (GDP) of Gaza in 2010. This positive trend is continuing in the first quarter of 2011, which shows a 24.4 per cent growth in GDP and 20 per cent growth in GDP per capita compared to the first quarter of 2010.

"The Government of Israel has also authorized major steps to ease security-related restrictions in the West Bank. In 2010, 98 roadblocks were removed throughout Judea and Samaria, and there is a free flow of movement between all Palestinian Judea and Samaria major cities — from Jenin in the north to Hebron in the south. GDP growth in the West Bank for 2010 is at 8 per cent and tourist visits increased by 49 per cent, mainly to Bethlehem.

"The positive trend is continuing in the first quarter of 2011 — GDP grew 3.4 per cent compared to the first quarter of 2010.

"Over the course of the previous year the Government of Israel repeatedly extended an open invitation to restart peace talks with the Palestinian Authority with no pre-conditions. Israel hopes for a renewal of the direct negotiations aimed at achieving a comprehensive resolution of the conflict.

"Despite an ongoing and acute threat to its security, Israel has gone to great lengths to assist in extending humanitarian assistance, to foster conditions for Palestinian economic growth and to engage in political dialogue. Israel's actions have already manifested economic improvement in Gaza and the West Bank. It is surprising that they are given no mention in resolution 65/16.

"Thus, resolution 65/16 joins the numerous one-sided resolutions passed annually by the General Assembly on Israel which serve to undermine the credibility of the United Nations as an impartial agent for the advancement of peace. The Permanent Mission takes this opportunity to urge the Secretary-General to use his good offices to encourage a cessation of this counterproductive practice".

5. The note verbale dated 27 June 2011 from the Permanent Observer of Palestine to the United Nations reads as follows:

"Palestine deems resolution 65/16 to be central to the international efforts to justly and peacefully resolve the question of Palestine. The resolution represents one of the main pillars underpinning the efforts of the United Nations system as a whole towards Palestine, consistent with its permanent responsibility until the question is satisfactorily resolved in all its aspects. This responsibility emanates from the unfulfilled international covenant since the General Assembly's decision to partition Mandate Palestine by its resolution 181 (II) of 29 November 1947, which led to the establishment of the State of Israel in 1948 and the uprooting, dispossession and dispersal of

the Palestinian people and continuation of their plight for over 63 years, during which time they have been denied their inalienable human rights and their freedom by Israel, the occupying Power, and forced to suffer severe oppression and hardship.

"The Palestinian leadership is fully committed to resolution 65/16, which was again adopted by an overwhelming majority, and reaffirms in comprehensive terms the parameters for a just, lasting and peaceful settlement based on international law, relevant United Nations resolutions and the agreed terms of reference of the peace process, namely Security Council resolutions 242 (1967) and 338 (1973), the Madrid terms of reference, including the land-for-peace principle, the Arab Peace Initiative and the Quartet road map. In this regard, as reflected in the resolution, a strong international consensus exists in support of the two-State solution of an independent, viable and contiguous State of Palestine living side by side with Israel in peace and security on the basis of the pre-1967 borders, with Jerusalem as the shared capital of two States, and a just solution for the plight of the Palestine refugees based on General Assembly resolution 194 (III) of 11 December 1948.

"In the period since the adoption of resolution 65/16, the Palestinian leadership, under the stewardship of President Mahmoud Abbas and Prime Minister Salam Fayyad, has continued to strive to advance a peaceful solution to the Israeli-Palestinian conflict and the question of Palestine as a whole in line with the principles enshrined in the resolution. In all of its efforts, Palestine has been firmly guided by international law, including international humanitarian and human rights law, and the multitude of relevant resolutions adopted by the General Assembly, the Security Council, the Human Rights Council, and the Economic and Social Council, as well as by the advisory opinion of the International Court of Justice (ICJ) of 9 July 2004.

"The realization by the Palestinian people of their right to self-determination — affirmed as an *erga omnes* right by ICJ — remains a paramount goal for the Palestinian leadership. Moreover, the international consensus is firm in its recognition of and support for the Palestinian right to self-determination and an independent State, as reflected in relevant resolutions, the most recent being resolution 65/202, as well as by the recognition accorded to Palestine by nearly 120 countries to date. The Palestinian leadership continues to act concertedly at all levels — nationally, regionally and internationally — for fulfilment of this right of the Palestinian people and all other inalienable rights, including the right to return based on United Nations resolutions and principles of international legality, and to appeal to the international community to uphold its inherent responsibilities in this respect.

"Specifically, the steps taken bilaterally and multilaterally in the past year by Palestine have been intended to effect positive change in the political and diplomatic processes, as well as on the ground. The overall objective remains the achievement at the earliest possible date of the two-State solution for peace on the basis of the pre-1967 borders, acknowledging that this objective is central to the goal of a peaceful solution to the Arab-Israeli conflict as a whole in accordance with relevant resolutions and the Arab Peace Initiative. Having made an historic compromise decades ago, the Palestinian

leadership has repeatedly affirmed its commitment to the internationally endorsed objective of two States and its willingness to engage in serious negotiations to justly resolve all final status issues — Palestine refugees, Jerusalem, settlements, borders, water and security — towards this end.

"This commitment remains despite the obstacles that continue to be imposed by Israel, the occupying Power, by its illegal policies and practices in the Occupied Palestinian Territory, including East Jerusalem, which continue to exacerbate the situation on the ground, compound sensitive issues and raise tensions, as well as by its obstruction of all initiatives in the past year aimed at reviving peace negotiations. In spite of these challenges, the Palestinian leadership has continued to affirm its readiness to negotiate in good faith based on credible parameters and has positively considered the efforts initiated in this regard by the international community, including by the Quartet and individually by the United States of America, the European Union, the Russian Federation and other concerned Member States. Moreover, the Palestinian leadership has repeatedly stressed that the status quo in the Occupied Palestinian Territory is unsustainable and volatile, adding to the urgency of achieving peace, a goal made only more urgent in the context of the developments sweeping the Middle East.

"Thus, despite adverse circumstances in both the political environment and on the ground, the Palestinian leadership, with the support of the Arab ministerial follow-up committee, agreed to participate in direct negotiations in early September 2010 in Washington on the invitation of United States President Barack Obama, Secretary of State Hillary Clinton and Special Envoy George Mitchell. This attempt to relaunch negotiations came on the heels of the 20 August 2010 Quartet statement, which reaffirmed strong support for direct negotiations, full commitment to previous statements, determination to support the parties throughout the negotiations, which can be completed within one year, i.e., by September 2011, and in the implementation of an agreement. Regrettably, Palestine's good faith effort and flexibility, along with the Quartet's efforts, including in particular President Obama's visionary statement before the General Assembly on 23 September 2010, have been met with more Israeli intransigence and violations, as the Israeli Government immediately thereafter refused to extend its so-called 'partial moratorium' on settlement activities, completely undermining the negotiations with its deliberate and illegal colonization of the Occupied Palestinian Territory, especially areas in and around Occupied East Jerusalem.

"As called for in resolution 65/16 and demanded unanimously by the international community, the Palestinian leadership continues to call for the complete cessation of all Israeli settlement activities, which are illegal and remain a major obstacle to peace. It must be stressed that this is not a Palestinian condition, but rather a legal obligation incumbent upon Israel under the Fourth Geneva Convention, Security Council and General Assembly resolutions and the Quartet road map, and it is essential for resumption of a credible peace process aimed at achieving the two-State solution based on the pre-1967 borders. The initiative to address Israel's illegal, destructive settlement campaign in the Security Council in February 2011, with the support of nearly 130 co-sponsoring Member States, which received the full support of 14 Council members, was undertaken in this context with the aim of

compelling Israel to cease all settlement activities and comply with the law and creating an appropriate environment for resumption of genuine negotiations that can succeed.

"On the other hand, the illogical pretexts being used by Israel to justify its illegal settlement campaign constitute arbitrary preconditions imposed to exact further political gains for Israel based solely on the imbalance of power and the impunity it enjoys and intended to distort the reality on the ground, distract the debate and the focus on the conflict's core issues and undermine the peace process. Such persistent bad faith by the Israeli Government and its total disrespect for the agreed principles of the negotiation process has left the Palestinian side without a partner for peace. This disturbing reality was reaffirmed by the Israeli Prime Minister's arrogant rejection of the call by President Obama, in a 19 May 2011 policy speech on the Middle East and North Africa, for a clear basis of negotiations between the two sides, in which he stressed that 'the borders of Israel and Palestine should be based on the 1967 lines, with mutually agreed swaps, so that secure and recognized borders are established for both States'. While this statement has been welcomed by the Palestinian side and the rest of the international community, with efforts immediately exerted by the other Quartet members based on this position, Israel maintains its negative intransigence up to this moment, blocking all attempts to resume negotiations on even this minimal basis.

"Furthermore, despite the negative conditions in the Occupied Palestinian Territory, including East Jerusalem, owing to ongoing illegal Israeli actions — including, inter alia, settlement activities, such as construction and expansion of settlements and the Wall, transfer of more settlers and confiscation of Palestinian land; rampant settler violence and terror against the Palestinian civilian population; demolition of homes and properties, evictions of Palestinian families and revocation of residency rights that have displaced thousands of people; imposition of the blockade on the Gaza Strip in collective punishment of the entire population, in addition to other forms of collective punishment; imprisonment of thousands of Palestinian civilians, including children and women, in Israeli jails and detention centres; and military raids and aggression — the Palestinian leadership has strived to maintain a proactive and productive course of action aimed at serving the needs of the Palestinian people and alleviating their hardships under occupation and at ultimately fulfilling their legitimate national aspirations for freedom, justice, peace, security and dignity in their homeland.

"To this end, the Palestinian leadership has sought to promote a positive environment for the resumption of peace negotiations and engaged in all relevant regional and international efforts, including at the United Nations, in good faith and in a spirit of historic compromise. It has also actively engaged bilaterally with Member States from all regions — Asian, African, European, Latin American and North American countries — and multilaterally through regional and political groups such as the League of Arab States, the Movement of Non-Aligned Countries and the Organization of Islamic Cooperation to mobilize and enhance support for the Palestinian people, including recognition of their State of Palestine, and a just peace settlement. Palestinian diplomatic, public and media outreach has consistently reflected a solid respect for

international law and United Nations resolutions and commitment to peace and reaffirmed a responsible position in support of the two-State solution.

"On the ground, the Palestinian leadership remains actively engaged, with strong international support, in the development and strengthening of Palestinian institutions in preparation for independence of the State. The implementation of the two-year plan of the Palestinian National Authority launched by Prime Minister Fayyad in August 2009, which is guiding these efforts, is moving toward the final stages of completion of the second half of the plan, 'Homestretch to Freedom', in August 2011. The serious advances made in this regard have been recognized and endorsed by the World Bank, the International Monetary Fund and the United Nations in recent reports, all attesting to Palestinian readiness for independence. It is the Israeli occupation in all its manifestations that remains the main obstacle to fully realizing the objectives of this plan.

"Similarly, reconstruction and economic revival of the Gaza Strip, a priority for the Palestinian leadership to alleviate the civilian population's suffering and give them hope and a horizon for a more stable, peaceful and prosperous future, continues to be undermined by the occupying Power. Reconstruction of homes, infrastructure, schools, hospitals and agricultural and business properties is still being obstructed by Israel by its blockade of Gaza and restrictions on the entry of needed construction and raw materials. Despite these formidable obstacles, the Palestinian leadership is exerting all possible efforts to advance Gaza's reconstruction with the strong support and cooperation of the international community, including the donor countries, humanitarian aid organizations and civil society.

"The Palestinian leadership has also striven to promote reconciliation and unity among the Palestinian political factions. Serious efforts have been exerted to end the nearly four-year division, as demanded by the Palestinian people and in line with Security Council resolution 1860 (2009), various Quartet statements and calls for unity from around the globe, including by the League of Arab States, the Movement of Non-Aligned Countries, the Organization of the Islamic Conference and the European Union. Following the signing of the reconciliation agreement in Cairo on 4 May 2011, the Palestinian leadership will do its utmost to preserve unity, cognizant of its centrality to the drive to realize the rights and national aspirations of the Palestinian people.

"The Palestinian leadership also continues to pursue efforts to broaden recognition of the State of Palestine on the basis of the pre-1967 borders, with East Jerusalem as its capital. It strongly welcomed the recognitions accorded in recent months by various Member States, in addition to the majority of recognitions that followed the 1988 Palestinian Declaration of Independence, all constituting principled affirmations of support for the Palestinian people's inalienable right to self-determination and fully consistent with the Charter of the United Nations, the Universal Declaration of Human Rights and relevant resolutions. Such recognitions are also consistent with the global consensus on the parameters for a two-State peace settlement of an independent, contiguous and viable State of Palestine living side by side with Israel in peace and security based on the pre-1967 borders. Far from being unilateral, seeking

recognition of Palestine by the countries of the world is a truly multilateral endeavour, constituting a positive contribution towards realizing the goal of the two-State solution. In fact, we believe recognition of Palestine to be intrinsic to the political, legal and moral responsibilities of the international community for securing a just, lasting, comprehensive resolution of the conflict, bearing in mind the internationally endorsed target date of September 2011.

"The dramatic developments taking place in the Middle East are altering the geopolitical landscape of the region and are bringing to the fore the universal aspirations of all peoples for freedom, justice, democracy and respect for human rights. It is in this spirit that, despite the serious challenges that persist, the Palestinian leadership continues to strive to fulfil the national aspirations of the Palestinian people. The Palestinian leadership remains fully committed to the path of peace and justice, determined to achieve an end to the Israeli occupation that began in 1967 and the independence of the State of Palestine on the basis of the 1967 borders, with East Jerusalem as its capital, and a just solution for the plight of the Palestine refugees.

"Palestine will continue to call upon the members of the international community, bilaterally and multilaterally, to redouble the efforts to uphold their responsibilities, including upholding the principles of resolution 65/16 on the peaceful settlement of the question of Palestine and acting to implement the resolution's provisions. It is our deepest hope that the Palestinian leadership's positive, constructive efforts and the regional and international efforts being exerted in this regard will converge by September 2011 to consolidate the political will and momentum necessary to finally bring an end to the Israeli-Palestinian conflict and to allow Palestine to take its rightful place among the community of nations and to allow peace, justice and security to flourish in the region with achievement of an end to the Arab-Israeli conflict as a whole."

II. Observations

6. Efforts to achieve the peaceful settlement of the question of Palestine made little progress during the reporting period, and confidence between the parties and in the political process reached a new low. Hopes raised by the start of direct talks on 2 September 2010 faltered rapidly. Negotiations were discontinued and have remained in an impasse since October. The Palestinians nevertheless advanced their State-building programme. They also resumed their efforts towards reuniting the West Bank and Gaza. On the ground, the situation remained challenging, in particular for the population living under closure in Gaza, while Israel continued to face the threat of rocket fire. In the West Bank, tensions persisted while settlement activity accelerated.

7. Following the proximity talks, facilitated by the United States since May 2010, Prime Minister Netanyahu and President Abbas met in Washington, D.C., on 1 and 2 September under the auspices of President Obama and Secretary Clinton to launch direct Israeli-Palestinian negotiations. A second round of talks was held on 14 and 15 September. Prime Minister Netanyahu affirmed that President Abbas was his partner for peace, while President Abbas stated his desire to see a permanent end to

the conflict. Both leaders reaffirmed their commitment to a two-State solution and agreed to seek a solution based on two States for two peoples. They agreed that the negotiations could be completed within a year, and that their aim was to resolve all final status issues, including borders, security, refugees and Jerusalem. I called upon both sides to show leadership, courage and responsibility to realize the aspirations of both peoples, and encouraged the efforts of the United States in that regard.

8. However, negotiations came to a halt after Israel's 10-month moratorium on new construction in settlements expired on 26 September. President Abbas indicated that he would not continue direct negotiations unless Israel froze settlement activity. Growing mutual distrust worked against the resumption of direct bilateral talks. I expressed disappointment that the moratorium was not renewed and reiterated that settlement activity in the occupied Palestinian territory, including East Jerusalem, was contrary to international law. I urged Israel to fulfil its road map obligation to freeze settlement activity. The Middle East Quartet regretted the discontinuation of the moratorium and strongly reaffirmed that unilateral actions by either party could not prejudge the outcome of negotiations and would not be recognized by the international community.

9. On 9 October, at its summit in Sirte, Libya, the League of Arab States expressed support for President Abbas' position not to continue negotiations unless Israel froze settlement activity. In the following months, the League held several meetings in support of the Palestinian efforts. The Palestinian leadership launched a diplomatic campaign to secure bilateral recognition of an independent State of Palestine within borders that conform to the ceasefire lines in existence before 4 June 1967. Several States, notably in South America, announced such recognition. The Government of Israel continued to call for a continuation of negotiations, stating that settlements would be resolved as part of a final status agreement.

10. The United States continued to engage the parties in indirect talks after it announced in December the end of its attempts to reinstate the settlement moratorium. In February, Quartet members started diplomatic efforts to engage the parties in separate consultations, giving serious consideration to their views on how to bring about resumed negotiations on all core issues, including borders and security. I fully supported this process, based on the conviction that internationally agreed parameters were needed to provide a basis for the resumption of meaningful negotiations. I also gave my full support to the tireless work of Senator Mitchell until he resigned on 13 May from his post of United States Envoy for the Middle East.

11. On 19 May, President Obama put forward important principles as a foundation for negotiations, particularly regarding borders, which should be based on the 1967 lines with mutually agreed swaps, and security arrangements, which should be robust enough to prevent a resurgence of terrorism, to stop the infiltration of weapons, and to provide effective border security, and allow a full and phased withdrawal of Israeli military forces coordinated with the assumption of Palestinian security responsibility in a sovereign, non-militarized State.

12. Along with the other Quartet principals, I supported the vision outlined by President Obama and encouraged Prime Minister Netanyahu and President Abbas to respond positively. In its statement of 20 May, the Quartet appealed to the parties to resume direct bilateral negotiations. The Quartet principals met in Washington, D.C., on 11 July, to discuss how to translate President Obama's speech into an

internationally agreed framework for the resumption of talks. However, in view of the persisting differences between the parties regarding what terms should frame negotiations, Quartet members agreed to work on narrowing that gap before issuing a statement that could help bring both sides back to negotiations. Quartet discussions and efforts continued over the summer in the context of a deteriorating situation on the ground and deepening mistrust between both sides.

13. In August, with no political breakthrough and with Israeli settlement activity continuing, the Palestinian leadership, with the support of the Arab Peace Initiative Committee, confirmed its intention to approach the United Nations at the beginning of the new session of the General Assembly to call on Member States to recognize a Palestinian State within the 1967 lines and to apply for full membership in the United Nations. The Government of Israel expressed its strong opposition to such Palestinian action.

14. The Charter of the United Nations is clear that the issues of recognition of a State and membership in the United Nations are for Member States and the United Nations intergovernmental bodies to decide. My role as Secretary-General would be to transmit the Palestinian request for membership to the Security Council.

15. As an active proponent of the two-State solution, it remained my strong view that the Palestinians should have an independent and viable State of their own, living side by side with the State of Israel in peace and security. Resuming substantive negotiations to resolve all permanent status issues must therefore remain our collective priority. As we moved into September, I continued to hope that the international community would be able to shape a legitimate and balanced way forward to help the parties achieve the goal of ending the conflict and establishing a viable and sovereign Palestinian State.

16. The situation in occupied East Jerusalem remained tense. I expressed concern at new settlement construction, house demolitions and evictions of Palestinian families, and I deplored the demolition in January of the Shepherd's Hotel in a Palestinian neighbourhood. The reporting period also witnessed violent clashes in sensitive areas of East Jerusalem, which underscored the tensions caused by the presence and expansion of settler communities in the heart of Palestinian neighbourhoods, including Silwan, Sheikh Jarrah and Ras al-Amud. In a development that is the source of serious concern, the Government of Israel announced in August new constructions in several settlements in East Jerusalem. I also remained concerned about the human rights of Palestinian residents of East Jerusalem and continued to oppose any measures towards their forcible transfer out of the city, including revocation of residency rights. In August, in contravention of their obligations under the road map, the Israeli authorities extended the closure of Orient House and the Chamber of Commerce in East Jerusalem pursuant to their ongoing ban on Palestinian government institutions in the city. The status of three Hamas-affiliated Palestinian legislators from East Jerusalem, who were threatened with forcible transfer, has been unresolved since June 2010.

17. On 23 March, a bomb exploded adjacent to a bus stop in West Jerusalem, killing one female civilian and injuring 30 Israelis. I strongly condemned this act of terrorism and called for an immediate cessation of acts of terrorism and violence against civilians in order to prevent further escalation and loss of life.

18. Jerusalem is a final status issue that requires a negotiated solution. I have consistently emphasized that a way must be found for the city to emerge, through negotiations, as a capital of two States, Israel and Palestine, with arrangements for holy sites acceptable for all. It is equally important that political and religious authorities on both sides continue to ensure that the cultural and religious rights of all are duly respected.

19. In the West Bank, the implementation of the State-building programme launched by the Palestinian Authority in August 2009 was completed during the reporting period, although it was limited to the territory under the Authority's control, which excluded Area C, East Jerusalem and Gaza. It formed an essential complement to the political process.

20. In April, the Office of the Special Coordinator for the Middle East Peace Process reported to the Ad Hoc Liaison Committee that in the six areas where the United Nations is most engaged, governmental functions were sufficient for a viable government of a State.[1] The achievements of the State-building programme should be further supported, in line with the objectives of the Palestinian Authority's National Development Plan (2011-2013).

21. Despite financial constraints, the growth of the real gross domestic product (GDP) continued, reaching 8.3 per cent in the first quarter of 2011 as compared to the first quarter of 2010. This was supported by ongoing institutional reforms with donor support and earlier measures to facilitate movement and access.

22. I continued to call on donors to provide timely assistance to sustain this agenda. Donor support for the Palestinian Authority was grossly insufficient during 2011, affecting the Authority's ability to meet its financial obligations, including payment of salaries. I also strongly encouraged the Government of Israel to take all necessary measures to facilitate growth, including further easing of access and movement within, into and out of the West Bank for both goods and people.

23. The Palestinian Authority remained constrained by the occupation and settlement activity. In this regard, I reminded Israel of its commitments under the road map to freeze all settlement activity, including "natural growth", and to dismantle outposts erected since March 2001. Settlements are contrary to Security Council resolutions, the Fourth Geneva Convention and Israel's obligations under the road map. They complicate the path towards a two-State solution and prejudice final status issues.

24. The Palestinian Authority continued to make commendable efforts to maintain law and order in areas under its control and to strengthen its security capacity. The sixth and seventh battalions of Palestinian National Security Forces were trained in Jordan and deployed in the West Bank during the reporting period.

25. As of August 2011, the number of obstacles to movement was approximately 523, of which 62 were permanently staffed, compared to 509 in August 2010, of which 64 were permanently staffed. My concern has grown over forced displacement of Palestinians due to demolitions, especially in Area C, where 470 structures were demolished during the reporting period.

[1] The six areas include: governance, rule of law and human rights; livelihoods and productive sectors; education and culture; health; social protection; and infrastructure and water.

26. I appreciated the efforts of the Quartet's Special Representative, Tony Blair, to support economic development throughout the Occupied Palestinian Territory. I welcomed the package of measures he announced in February with Prime Minister Netanyahu, for both the West Bank and Gaza, which must be implemented in full and supplemented by additional steps.

27. Violence in or emanating from the West Bank, including East Jerusalem, continued, manifesting itself in terror attacks and settler violence against Palestinians — also in retaliation to Government of Israel action, including against illegal outposts — as well as in the context of Israeli security operations. In total, 14 Palestinians were killed, including three militants, and 1,398 injured by Israel Defense Forces. Settler violence against Palestinians increased, killing 3 and injuring 182 during 366 settler attacks on Palestinians and their property, including the uprooting of thousands of olive trees. Four Muslim holy sites were also desecrated during the reporting period, including two arson attacks on West Bank mosques in October and June. There was a slight decrease in Israeli incursions and arrests in the West Bank, which however remained at a very high level despite improved Palestinian security performance and cooperation with the Israeli Defense Forces. In the same period, there were also 63 Palestinian attacks on settlers, in which 6 Israelis were killed and 27 injured in the West Bank. On 12 March, a family of five were murdered in the West Bank settlement of Itamar in a shocking act of violence, which I and the Quartet strongly condemned. On 29 August, eight Israelis were wounded when a Palestinian from the West Bank ran a car into a group of youth and police in Tel Aviv. I consistently condemned all attacks that indiscriminately targeted civilians and called for international humanitarian law to be upheld in all circumstances. I also urged the parties to seek out those responsible for such violent incidents and bring them to justice.

28. I believe that legitimate Israeli and Palestinian security concerns can be best addressed by intensified cooperation, continued empowerment of the Palestinian Authority's security efforts and performance, further curtailment of incursions by the Israeli Defense Forces into Palestinian areas, full respect for legitimate non-violent protest, determined action by the Government of Israel to curb settler violence, Palestinian action against incitement, economic development and, most importantly, the resumption of a credible political process of negotiation.

29. Although plans to hold presidential, legislative and municipal elections did not materialize during the reporting period, I still hope that it will be possible in the near future to hold free and fair elections throughout the Occupied Palestinian Territory.

30. Contrary to the 9 July 2004 advisory opinion of the International Court of Justice, the barrier continued to deviate significantly from the 1967 Green Line into occupied Palestinian territory. It restricts Palestinian access to East Jerusalem, key social services and agricultural land. Protests against the construction of the barrier by Palestinian, Israeli and foreign activists continued during the reporting period, resulting at times in clashes with Israeli security forces.

31. In accordance with General Assembly resolution ES-10/17 of 15 December 2006, on 27 June I provided a progress report on the work of the United Nations Register of Damage Caused by the Construction of the Wall in the Occupied Palestinian Territory. During her visit in February, the United Nations High Commissioner for Human Rights highlighted the intensely negative impact that the

fragmentation of the West Bank by the Wall, settlements and checkpoints was having on human rights, peace, development and the Palestinians' right to self-determination.

32. The Government of Israel continued to maintain a regime of closure of the Gaza Strip, where Hamas continued to exercise de facto control.

33. The reporting period witnessed alarming escalations of tension between Gaza and Israel, most notably in January, March, April and August. In April, an anti-tank guided missile hit an Israeli school bus killing a teenage passenger and injuring the bus driver. Israel retaliated by launching heavy military operations. Calm was restored on 10 April. The calm was broken when, on 18 August, coordinated terrorist attacks killed eight Israelis, including six civilians in southern Israel. The attacks were followed by retaliatory strikes by Israel on targets in Gaza. I immediately strongly condemned the 18 August terrorist attacks and called for all to act with restraint. Both in April and August, Egypt and the Office of the United Nations Special Coordinator for the Middle East Peace Process played an important role in defusing the tension.

34. Overall during the reporting period, Palestinian militants fired 961 rockets and mortar shells, in which 2 Israeli civilians were killed and 36 injured. With respect to Israeli military personnel, one was killed and two were injured in Gaza during the same period. The Israel Defense Forces carried out 224 air strikes and 122 incursions. In total, 43 Palestinian civilians were killed and 350 injured in Gaza. Seventy militants were also killed and 70 injured. The United Nations consistently expressed concern at actions by Hamas and other militant groups in Gaza to escalate violence, endangering civilians on both sides. The United Nations also consistently called for maximum restraint from Israel and urged full observance by all parties of their obligations regarding the protection of civilians.

35. Addressing the dire conditions of the civilian population and rebuilding a viable economy in Gaza, including by reviving the legitimate private sector, remained major priorities for the United Nations. To that end, the United Nations engaged intensively with the Government of Israel and within the Middle East Quartet to promote reconstruction, to further liberalize imports, in particular of construction materials, and to allow exports.

36. In this regard, I welcomed further measures taken by the Government of Israel during the reporting period to ease the closure. Egypt also eased the movement of persons at the Rafah crossing point. However, the closure continued to have a serious humanitarian impact on civilians and perpetuate an unsustainable and unacceptable situation for the population of Gaza. I consistently urged the Government of Israel to lift the blockade within the framework of resolution 1860 (2009), while also recalling that Israel's legitimate security concerns should be addressed, including by putting in place mechanisms to prevent the illicit trafficking of arms into Gaza.

37. The United Nations continued to call for free movement of people into and out of Gaza and a full reopening of all official land crossings, as well as an expansion of their capacity. The United Nations also put forward programming aimed at revitalizing the private sector and rehabilitating public health infrastructure. Israel approved a total of $265 million in United Nations reconstruction projects as of the

end of August, which was a welcome and significant start to address Gaza's basic needs.

38. However, construction materials were still not allowed free entry and were approved only for international projects. As a consequence, they were imported through the illicit tunnel trade to Gaza's markets. This only empowered those who control trafficking at the expense of the legitimate commercial sector.

39. Overall during the reporting period, economic recovery continued in Gaza — albeit from a low base — driven in part by public expenditure, donor aid, tunnel traffic, increased imports from Israel and limited exports. However unemployment remained high, at 26 per cent in the second quarter of 2011. As of the end of the reporting period, 38 per cent of Gazans were living in poverty, and 75 per cent of the Gaza population remained dependent on humanitarian assistance.

40. Reports of increasing human rights abuses, extrajudicial executions and political arrests in the Gaza Strip remained a source of deep concern. The United Nations noted with alarm attempts by the Hamas de facto authorities to undermine the independence of local human rights organizations, in particular their decision to close down a number of civil associations, including the Sharek Youth Forum, which had been an important partner of the United Nations. Also alarming was the storming by Hamas security forces on 15 March of international news channel offices. The Hamas de facto authorities should allow both civic and media organizations to carry out their activities in full respect of the freedom of the press, as well as the freedoms of association and expression. Equally important is to ensure full respect for the work of United Nations agencies, some of whose activities in support of Palestinian beneficiaries have been misrepresented.

41. Other incidents in Gaza continued to underline the challenging security environment facing the humanitarian community and the United Nations. On 15 April, Italian citizen Vittorio Arrigoni was abducted and murdered, reportedly by a Salafist group. I deplored this crime. On 25 June, a bomb was detonated near the compound of the Office of the United Nations Special Coordinator for the Middle East Peace Process, causing only material damage to the perimeter wall.

42. I remain deeply concerned by the fate of Israeli Staff Sergeant Shalit, who has been in Hamas captivity for more than five years. I reiterated my call for humanitarian access and for his unconditional and immediate release. I also continued to support efforts for the completion of a prisoner exchange agreement. Approximately 5,500 Palestinian prisoners remain in Israeli jails, and while their number is decreasing at a rate of about 800 to 1,000 each year, I continue to follow their situation with concern, including that of women, children and other persons held without trial. I continued to call for the release of Palestinian prisoners to the Palestinian Authority.

43. In an effort to enable Gaza's society to engage with the world, the United Nations facilitated the visit to Gaza of United Nations Messenger for Peace Daniel Barenboim and musicians from leading European orchestras who performed a concert on 3 May. On 16 June, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) summer games were launched, providing thousands of Gazan children with recreational and learning activities.

44. The Panel of Inquiry into the 31 May 2010 flotilla incident concluded its work and submitted its report on 2 September. The Panel was an independent body tasked

with making findings about the facts, circumstances and context of the incident that took place in the Mediterranean Sea on 31 May 2010 and with recommending ways of avoiding similar incidents in the future.

45. Bearing in mind Security Council resolutions 1850 (2008) and 1860 (2009), I continued to support efforts to advance Palestinian unity within the framework of the commitments of the Palestine Liberation Organization, the positions of the Quartet and the Arab Peace Initiative. I welcomed efforts made towards bringing the division to an end, notably by Egypt.

46. Following popular calls, President Abbas and the Hamas leadership accelerated discussions on unity. On 4 May, Palestinian factions signed a reconciliation agreement under Egyptian auspices. Discussions over the implementation of the accord continued during the following months, with little progress so far.

47. Popular demonstrations demanding political change and social justice have swept across the region since December. The Occupied Palestinian Territory and Israel were not immune to the fallout of this movement. On 15 March, demonstrations were held in major West Bank cities, calling for an end to the Israeli occupation and to Palestinian division. Larger demonstrations were held in Gaza, which were regrettably suppressed by the security forces of Hamas. On 15 May, referred to by Palestinians as "Nakba Day", demonstrations along the disengagement line in the occupied Golan, the Blue Line, in the West Bank and in Gaza resulted in numerous casualties following violent clashes with the Israeli forces. Demonstrations had traditionally occurred on this day in the past, but on a smaller scale. Both the United Nations Interim Force in Lebanon and the United Nations Disengagement Observer Force remained in close contact with the parties in order to restore calm. I expressed deep concern at the significant number of people killed or injured and called on all concerned to exercise restraint. On 5 June, demonstrations again took place in the West Bank and in the occupied Golan, which resulted in the deaths of 23 persons.

48. In Israel, large scale popular demonstrations against rising costs of living were held in July and August.

49. I would like to express my deep thanks and appreciation to Robert H. Serry, the United Nations Special Coordinator for the Middle East Peace Process, as well as to the Commissioner-General of UNRWA, Filippo Grandi. I also pay tribute to all United Nations staff who work in the service of the United Nations under difficult, at times dangerous, circumstances, marked by restrictions on their free movement and access. I have repeatedly protested these restrictions to the Government of Israel and look forward to improvements in this regard.

50. Peace and Palestinian statehood are long overdue. I am acutely conscious of the unsustainable status quo, which is only thrown into sharper relief by the profound political changes now under way in the region. I remain convinced that direct and meaningful negotiations are the main avenue towards a comprehensive, fair and lasting solution that fulfils the aspirations of Israel and the Palestinians, including an end to occupation, an end to conflict, and a just and agreed solution to the plight of Palestinian refugees.

51. I am seriously concerned at the lack of progress, during the reporting period, in the search for a negotiated solution which would bring Israel and the Palestinians

closer to durable peace and security, including the realization of the legitimate aspiration of Palestinians to a State of their own and of Israel to live within recognized and secure borders. The failure of the parties to meet their target of September 2011 to conclude a final status agreement, or even to resume negotiations, is a serious setback. I therefore call upon all parties to show leadership, courage and responsibility to arrive at a mutually agreeable and lasting peace that would resolve all final status issues. To this end, it is my sincere hope that the parties pursue vigorously all efforts to create an environment that is conducive to the resumption of direct and meaningful negotiations. In particular, I urge Israel to cease all settlement activity in the occupied West Bank, including East Jerusalem, and to take concrete steps to further ease the numerous restrictions in place both in the West Bank and Gaza. I also strongly encourage all Palestinians on the path of non-violence and unity, and call on them to pursue their efforts to improve law and order, combat extremism and incitement against Israel, and to continue building strong and democratic institutions that are essential to a viable, independent Palestinian State. In a highly volatile environment, it is crucial that any outbreaks of violence that could undermine political efforts are prevented and that the parties refrain from provocative steps on the ground. The international community must also provide effective help by shaping a legitimate and balanced framework that offers a credible political path forward, combined with far-reaching steps on the ground.

52. As Secretary-General, I will continue to ensure that the United Nations works towards the establishment of an independent, democratic, contiguous and viable Palestinian State living side by side in peace with a secure Israel in the framework of a comprehensive regional settlement consistent with Security Council resolutions 242 (1967), 338 (1973), 1397 (2002), 1515 (2003) and 1860 (2009), and in accordance with the road map, the Arab Peace Initiative and the principle of land for peace.